

CITY OF LOS ANGELES
CALIFORNIA



CITY ETHICS COMMISSION

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DRAFT MINUTES

**SPECIAL MEETING OF THE
LOS ANGELES CITY ETHICS COMMISSION**

**Tuesday, July 14, 2009
9:30 a.m.**

APPROVED

**City Hall, Room 1020 – 10th Floor
200 North Spring Street
Los Angeles, CA 90012**

1. Call to Order.

Commission President Helen Zukin called the meeting to order at 9:39 a.m.

Present: Jenkins, Turner, and Zukin.

2. Election of Commission President and Vice President for FY09-10, pursuant to City Charter Sections 700(b) and 503(a).

Commissioner Paul Turner nominated Helen Zukin for Commission president, and Commissioner Nedra Jenkins seconded. Zukin accepted the nomination and was elected 3-0. Jenkins nominated Paul Turner for Commission vice president, and Zukin seconded. Turner accepted the nomination and was elected 3-0.

3. Public Comment

Joyce Dillard spoke regarding the importance of governmental transparency.

4. Approval of draft minutes for the meeting of May 12, 2009.

Turner moved to approve the draft minutes of the May 12, 2009, meeting, and Jenkins seconded. The minutes were approved 3-0.

5. Executive Director's report [LeeAnn Pelham].

Executive Director LeeAnn Pelham presented her report and highlighted the budgetary issues facing the Commission. She stated that two filled positions ended with the start of

the new fiscal year and, as a result, Anthony Ozogu and Erika Andrews are no longer with the Commission. She noted that it is still unclear how the Commission will respond to additional furlough days and other budgetary cuts. Pelham stated that the audit staff is anticipating maintaining the fast-track audit system despite losing a staff member this fiscal year. She also added that due to the decrease in the audit staff, the audits will take place in the Commission's office rather than staff traveling offsite to complete audits. Pelham also highlighted that the Program Operations Division has released an educational brochure regarding post-employment restrictions, which was distributed to City departments. Turner asked if the two positions were transferred or eliminated, and Pelham stated that they were eliminated from the City's budget. Zukin asked how the reduction in the audit's staff will affect the timing of audits. Pelham stated it could take up to two years to complete the 2009 election's audit cycle.

6. Monthly policy and legislation report [*Heather Holt*].

Director of Policy and Legislation Heather Holt provided a status report on policy items. Turner asked when the Commission could expect the ranked choice voting working group to finish its work, and Holt stated that a report is expected to be by the end of the month.

7. Informational item regarding recent City Council motions [*Heather Holt*].

Holt highlighted two recent motions from the city council. The first motion asks the Commission to weigh in on reforms regarding placement agent activities with the City's three pension funds. The Commission has been asked to comment on ex parte communications by the funds. The second motion asked the Commission to report to the council regarding member communications. Jenkins asked if the cancelled meeting in June affected the staff's ability to respond to the first motion regarding the pension funds. Holt responded that it did not, because the pension fund reforms are still in process.

8. Discussion and possible action on the regular meeting schedule for the first half of the Fiscal Year 2009-10 [*LeeAnn Pelham*].

Turner and Jenkins stated that they have scheduling conflicts with the proposed September 8 meeting date. Zukin moved to approve the regular meeting schedule for the first half of FY 09-10, with the September 8 meeting moved to September 15. The schedule was approved 3-0.

9. Discussion and possible action on proposed changes to the Municipal Lobbying Ordinance [*Heather Holt*].

The Commission began this item with public comment. Michael McCue, board member of the Studio City Neighborhood Council, stated that it is important for lobbyists to be identified when they speak before City Council, because members of the public watching the meeting on Channel 35 do not know if the speaker is a paid participant or not. He also

urged the use of identification badges for lobbyists and said that comparing such badges to the star of David is offensive.

Gary Toebben, president and CEO of the Los Angeles Area Chamber of Commerce, said that the Chamber believes that every entity that seeks to influence municipal policy should register as a lobbyist. He said that the exemption for 501(c)(3) organizations is highly subjective and will exclude some of the most aggressive and influential lobbying organizations in the City. He also urged the Commission to reinstate the provision that requires a labor union lobbying the City Council on behalf of their employees in a collective bargaining agreement to register. He stated that the City's public employee unions are some of the most powerful special interests at City Hall and their lobbying efforts have a direct financial impact on taxpayers and the City as a whole.

Kent Smith, from the Business Improvement District (BID) Coalition and representing the Los Angeles Fashion District, stated that he does not think that BIDs should be classified as lobbyists because they have contracts with the City which obligate the City to maintain a "continual liaison" with BIDs in order to provide services in their district. In addition, he noted that BIDs are subject to the Brown Act and the Public Records Act.

Sarah Stegemoeller, of Public Counsel, requested clarification about the 501(c)(3) organization exemption. She noted that some nonprofit organizations maybe confused as to which organizations fall under the exemption and that the language in the proposed ordinance needs some clarification.

Joyce Dillard expressed concern about exempting all 501(c)(3)s and BIDs from the lobbying ordinance.

Jim Sutton, with the Los Angeles Lobbying Association, opposed the use of the term "traditional lobbyist" to refer to individuals who are retained by third-party clients. He also voiced his concern that the proposed ordinance is overly burdensome for lobbyists, because it requires lobbyists to disclose the date of each communication with City officials on their quarterly reports. Sutton urged the Commission to exempt lobbying activities on land-use decisions. He argued that there is enough disclosure about the land-use process and that if the activity is not exempt, there will be an over-reporting of lobbying.

Carol Schatz, president and CEO of the Central City Association and Downtown Center BID, said that there is not a level playing field for those influencing public policy in the City. She stated that the exemption for 501(c)(3) organizations will make this problem worse and sends the message that City Hall will continue to carve out exemptions for favorite special interests. She stated that nonprofits and unpaid advocates should be registered as lobbyists in the City, because they carry no less influence than paid advocates.

Nona Randois, with the Legal Aid Foundation of Los Angeles, commended the Commission for exempting 501(c)(3)s from the lobbying ordinance but asked that the

language in the ordinance be refined so that it is more clear who falls under the exemption and who does not.

Stephen Kaufman voiced his concerns regarding the ban on contributions by lobbying organizations. He stated that he believes it raises some constitutional issues.

Holt walked the commissioners through each of the staff's recommendations regarding the suggestions received by staff, as outlined in the memo. The commissioners agreed with all of the staff's recommendations but did ask staff to clarify which 501(c)(3) organizations qualify for the exemption and which BID activities are exempt from the lobbying ordinance. Jenkins expressed concern that the term "fair market value", in the 501(c)(3) exemption, is too subjective. Holt said that the staff would work on more clarifying language. Jenkins moved to accept staff's amended recommendations and forward them to the City Council. Turner seconded, and the motion was approved 3-0.

10. Consideration of and action on the following proposed stipulated settlements:

- a. In the Matter of: Citizens for Dependable and Reliable Leadership; Tony Cardenas; Jose Cornejo; Felipe Fuentes; William Mabie; and Alex Padilla, CEC Case No. 2008-20 [*Deena Ghaly & Dominic Berbeo*].**

Deputy Executive Director and Director of Enforcement Deena Ghaly presented the item. The item involved independent expenditures that occurred in the 2005 election, for which the respondents failed to timely file election mailers. Turner noted his concern that the fine was too small, because the parties involved are savvy political players; and Jenkins concurred. Stephen Kaufman, representing the respondents, stated that the failure to file the mailers was an administrative error that is fairly routine. Zukin asked about the timeline of the case. Ghaly replied that other agencies were also investigating this case, which delayed the staff's ability to continue with the investigation. Zukin expressed her concern regarding the length of time it took to resolve the case and said that she would like to see cases handled in a timelier manner. Ghaly stated that the staff must take into account the integrity of the case, which involves timeliness and the thoroughness of the investigation. Jenkins moved to accept staff's recommendation, and Zukin seconded. The stipulation was approved 3-0.

- b. In the Matter of: Local 18 Water and Power Defense League (IBEW), CEC Case No. 2008-23 [*Deena Ghaly & Dominic Berbeo*].**

Ghaly presented the item, noting that the case involved an independent expenditure and both disclosure and disclaimer violations. She stated that the penalty structure is consistent with previous cases before the Commission. Turner reiterated his concern that the fine was too low for such savvy political players but moved to accept staff's recommendation. Jenkins seconded, and the stipulation was approved 3-0.

11. Consideration of and action on statements of economic interests for commission and department head SEI reviews [*Shannon Prior*].

Program Analyst Shannon Prior recommended that the Commission approve cautionary letters for nominees Mr. Alan Rothenberg, Ms. Camilla Townsend, Ms. Erica Teasley Linnick, Mr. Hector Gallegos, Ms. Alina Bokde, Ms. Cindy Miscikowski, Ms. Beatriz O. Stotzer, Ms. Tunua Thrash, Ms. Joy Atkinson, Mr. William O. Kil, Mr. George E. Moss, and Mr. Thomas S. Sayles. Prior recommended that the Commission approve standard letters for nominees Ms. Faith I. Mitchell, Dr. Julie Mendoza, and Ms. Barbara Romero. Jenkins moved to accept the recommendation, and Turner seconded. The letters were approved 3-0.

12. Announcements and requests to schedule items on future agendas.

There were no announcements or requests to schedule items on future agendas.

13. Adjournment.

The meeting was adjourned at 11:50.